
**Community & Economic
Development & Trade Committee**

HB 2872

Brief Description: Strengthening the tax credit and modifying the governing board of a Washington motion picture competitiveness program.

Sponsors: Representatives Kenney, McIntire, Darneille, Lantz and Ormsby.

Brief Summary of Bill

- Modifies certain Motion Picture Competitiveness Program provisions including funding assistance eligibility, business and occupation tax credit limits, investment caps, and governing board terms.

Hearing Date: 1/23/08

Staff: Meg Van Schoorl (786-7105).

Background:

Enacted in 2006, 2SSB 6558 established the Washington Motion Picture Competitiveness Program (Program) to include:

- A non-profit 501 (c) (6) corporation authorized to receive contributions from businesses for the purpose of providing funding assistance to motion picture production companies for specified film production costs, including health insurance, payments into a retirement plan, and other costs associated with film production. Funding may also be used for a person to market the tax credit, and for program administration.
- A B&O tax credit for businesses making such contributions. The credit is equal to 100 percent of the contributions made to the program through calendar 2008, and 90 percent of contributions after that. The maximum credit per calendar year per taxpayer is \$1 million. There is a statewide credit cap of \$3.5 million per calendar year. Credits are available on a first-in-time basis.
- Funding assistance to motion picture production companies based upon the type of production and a prescribed minimum actual investment. The maximum funding assistance

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is 20 percent of the total actual investment when at least \$500,000 is invested for a single feature film; when at least \$300,000 is invested for a television episode; or when at least \$250,000 is invested for an infomercial or television commercial associated with a national or regional advertisement campaign.

- An 8-member board of directors appointed by the Governor to administer the Program.
- An annual survey required of motion picture production companies that receive funding assistance about the impacts on employment, wages, and benefits.
- A Joint Legislative Audit and Review Committee study on the effectiveness of the B&O tax credit due in December 2010.

Summary of Bill:

The Motion Picture Competitiveness Program is modified as follows:

1. To be eligible for funding assistance, the total actual investment required for an infomercial or television commercial associated with a national or regional advertisement campaign produced in Washington is reduced from the current minimum of \$250,000 to a minimum of \$150,000.
2. The maximum B&O tax credit that may be earned by a taxpayer each calendar year is limited to the lesser of \$1 million, or 100 percent of the contribution made by the business. The decrease to 90 percent of the business contribution, scheduled to take effect in 2008 and thereafter, is eliminated.
3. The total amount of B&O tax credits available during any calendar year is increased from \$3.5 million to \$10 million.
4. The funding assistance cap of \$1 million for a single motion picture production or episodic television project is removed.
5. The Governor must appoint board members in 2010 to either two- or four-year staggered terms, as specified by board position. Subsequent terms will be for four years.

Appropriation: None.

Fiscal Note: Requested on January 17, 2008.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.